

*J. A. Osborn*

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# GENERAL RULES

FOR AN

## INDUSTRIAL AND PROVIDENT

## SOCIETY.

*To be Registered under the 39th & 40th Vict., c. 45, with Limited Liability.*

FORM 1.

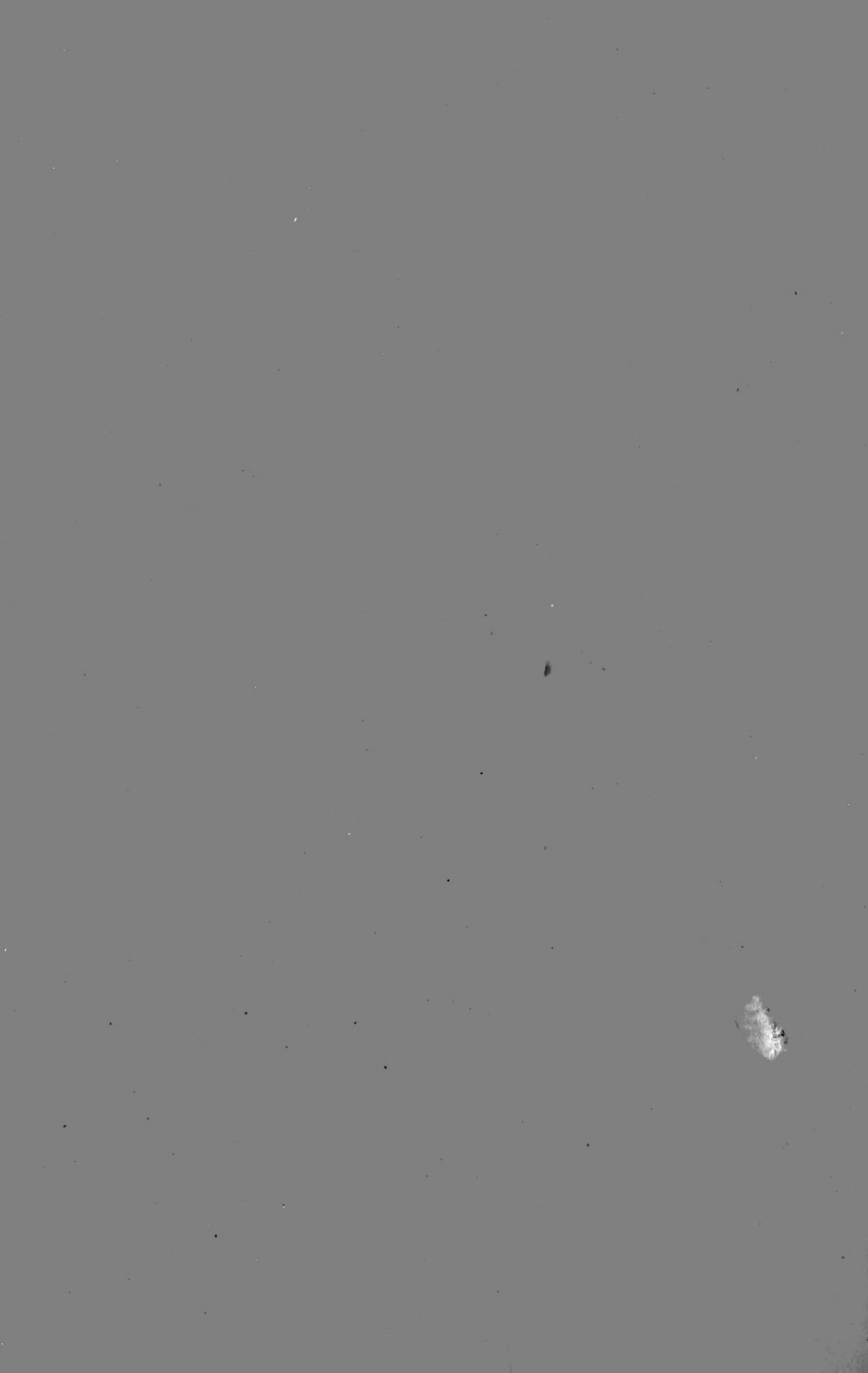
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CO-OPERATIVE PRINTING SOCIETY, 17, BALLOON STREET.

1876.



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FOR THE YEAR 1904

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# GENERAL RULES.

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*(For List of the Rules see end.)*

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## CHAPTER I.—INTERPRETATION AND GENERAL QUALIFICATION.

1. *Interpretation.*—In the construction of these Rules, including this rule, the following words and expressions shall have respectively the meanings following, unless the subject matter or context are inconsistent therewith:—

(1) Words importing the singular or plural number shall respectively include the plural and singular numbers ; words importing the masculine gender only shall include the feminine gender.

(2) “The Act” shall mean the Industrial and Provident Societies Act, 1876.

(3) “The committee” shall mean the committee of management, board of directors, or other directing body of a society or company.

(4) A “company” shall mean (1) any body corporate other than a society ; (2) any society authorised to sue and be sued by any person authorised to act in its behalf ; and “a society” shall mean any society registered under the Industrial and Provident Societies Act, 1876, or deemed so to be.

(5) “A general meeting” shall include both an ordinary business and a special general meeting.

(6) “Lands” shall include tenements and hereditaments.

(7) “He,” “him,” and “person” shall include a company or society.

(8) "Nominal capital" shall mean the amount of the shares allotted for the time being, including any which may have been purchased on account of the society.

(9) "The society" shall mean the society named in the special rules.

(10) "Special members" shall mean the persons by whom the special rules are signed, and any other persons whom those rules may declare to be included thereunder.

(11) "The special rules" shall mean the rules prefixed hereto, whereby these rules are made rules of any society.

(12) A direction given by the society shall mean a direction given by any of the "special rules" of the society, or by any rule of the society, made after the rules are registered; and the words "subject thereto," following any such direction, shall mean "unless such a rule is made, and so far as no such rule directs otherwise."

2. *Qualification.*—Every rule herein contained shall be subject to qualification by any special rule of the society referring to it by its number, and shall be deemed to be adopted by the society in so far only as is consistent with such qualification.

## CHAPTER II.—NAME, OBJECTS, AND PLACE OF BUSINESS.

3. *Name, Objects, and Powers of the Society.*—The name and special objects of the society shall be those stated in the special rules. The objects of the society shall include the trade of buying and selling land. The society shall have full powers to do all things necessary or expedient for the accomplishment of all objects specified in its rules, including the power to purchase, hold, sell, mortgage, rent, lease, or sub-lease, lands of any tenure, and to erect, pull down, repair, alter, or otherwise deal with any building thereon.

4. *Registered Office—How to be Fixed.*—The registered office of the society shall be at such place in the United Kingdom as is mentioned in the special rules. It may be changed as the society may direct, and subject thereto, by a resolution of the committee.

5. *Removal of Office to be Notified.*—Notice of any removal of the office of the society shall be sent to the Registrar of Friendly Societies for the place where the office is established, before such office is removed, signed as is provided by the regulations then in force in the Registrar's Office.

6. *Books of Account, &c., to be Kept at Office.*—All books of account, securities, documents, and papers of the society, other than such, if any, as are directed by the committee to be kept elsewhere, shall be kept at the registered office, in such manner and with such provisions for their security, as the committee from time to time direct; and shall be open to inspection by the members as is hereinafter provided.

### CHAPTER III.—MEMBERSHIP.

#### Sec. 1.—Members.

7. *Who are Members.*—The society shall consist of the special members, and of all such other persons as the special rules direct, or the committee may admit, subject to such confirmation, if any, as the special rules require.

8. *Shares to be held by Members.*—Subject to the provisions of the Act, the members shall hold respectively such number of shares in the society, and these shares shall be of such descriptions as the society may direct, and subject thereto each individual shall hold at least one transferable share, and each society or company one for every 100 members thereof. The special members shall be deemed, without any special application, to hold such number of shares each of such descriptions as an individual member is required to hold.

9. *Payment on Application.*—Every person shall pay, on applying for admission, such sum as the society may direct, and subject thereto 1s., for which he shall receive a copy of the rules.

10. *Application by a Society or Company.*—Applications for admission by a society or company shall be in such of the forms, contained in Rule 140, as the case requires, and shall be for such number of shares at least as the rules require, and of such descriptions as they permit the applicant to hold.

11. *Application by an Individual.*—An application by an individual may be made either in the form contained in Rule 140, or by making such payment as is required upon an application for admission, and the signature of a receipt for a copy of the rules in the form contained in the said rule, either by the applicant or on his behalf.

12. *How Applications shall be dealt with.*—Every application for admission shall be considered by the committee at its first meeting after it is made, or so soon thereafter as is practicable; and if it is approved, the name of the applicant shall be entered on the list of members and the register of shares hereinafter mentioned, for the number and description of shares required to be held by the rules, or any larger number applied for and allowed to be held thereby, upon such approval and such confirmation thereof, if any, as the society may direct.

13. *Notice of Refusal or Admission.*—Notice of the refusal of an application, or of the entry of the name of any applicant on the list of members, signed by the secretary, shall be sent to the applicant, at the address mentioned on the form of application or receipt, within one week after such refusal or entry is made.

14. *Repayment of the Entrance Fee.*—The sum paid on an application for admission shall be repaid on demand to the person by whom or on whose behalf it was or purports to have been paid, within one calendar month after the date of the said notice in the cases following:—

- (1) If the application is refused;
- (2) If it is not granted within three calendar months after the application;
- (3) If it is based on a payment made on behalf of any person without his authority.

15. *Appeal and Erasure of the Names of Applicants.*—In the first of the above cases, the person refused admission shall have the same right of appeal as is given by Rule 21. In the second and third cases, the name entered shall be erased from the list of members, on a demand of the person whose name is so entered before any payment made to and knowingly accepted by such person as a member.



16. *How Forms to be referred to.*—The forms used on an application shall be numbered, and filed in the office of the society, and referred to in the list of members.

17. *Admission of Married Women.*—No woman known to be married, or about to be married, shall be admitted as a member, in respect of any share not fully paid, without the consent, in writing, of her husband, or intended husband, nor in respect of any share fully paid without such consent, except upon an application from her, in writing, that such share may be entered in her name, or intended name, as a married woman, entitled to her separate use, as provided by the Married Woman's Property Act, 1870, sec. 5.

18. *Admission of Minors.*—A minor not under the age of 16 years may be admitted as a member if the society does not direct otherwise, and execute all instruments and give all acquittances necessary to be executed or given under the rules, but may not be a member of the committee, manager, or treasurer of the society. [See the Act, § 11 (9).]

19. *Withdrawal of Members and Partial Cessation of Membership.*—A person who has transferred or withdrawn or been repaid all his shares under the rules shall cease to be a member, and no member may vote at any meeting of the society, either personally or by deputy,

(1) If he holds less than the number of shares of either description required to be taken up on admission;

(2) If he is in arrear of his subscriptions;

(3) If the sum standing to his credit on any withdrawable shares is reduced by withdrawals below the full amount payable on the number of withdrawable shares he may be required to hold.

## Sec. 2.—List of Members.

20. *Where to be kept and Entries thereon.*—The committee shall keep, at the registered office of the society, a list of the names, occupations, and addresses of all members, open at all convenient times to the inspection of the members; and each member shall give notice of any change affecting himself, or shall be subject to such fine as any ordinary business meeting may fix, provided that no such fine be retrospective. No person, whose name does not appear on such list, other than a deputy, shall have any right as a member of the

society; and the committee shall cause to be erased therefrom the names of all such persons as cease to be members under these rules.

• 21. *Claims to be Entered on, or Removed from the List.*—

A person who claims to be placed or retained on, or removed from the list of members, shall apply in the first instance to the committee for that purpose, and, if refused, may appeal to the next ordinary business meeting held after the receipt of notice of such refusal, which may make such order on the matter as it thinks fit.

## CHAPTER IV.—CAPITAL.

### Sec. 1.—Share Capital.

22. *Nominal Value.*—The capital of the society shall be raised by shares of such nominal value, payable by such instalments, at such intervals, with such fines, if any, in default of payment as the society may direct, and subject thereto by shares of the nominal value of £1, payable as to all shares required to be held at the rate of 3d. per week, with a fine of 1s. per quarter on non-payment.

23. *Instalments.*—Each instalment shall be payable at such place, on such days, between such hours, and to such persons as the committee from time to time fix.

24. *Power to Pay in Anticipation.*—A member may pay the whole or any part of any instalment in anticipation of the period when it will become due; and, if he holds more than one share, either transferable or withdrawable, not fully paid may specify to which shares the payment shall be applied, otherwise it shall be distributed equally: and the committee may allow a rebate not exceeding the rate of £5 per cent per annum upon any such anticipated payment.

25. *Cases of Distress.*—The committee may remit any fine incurred by non-payment of any instalment, if the non-payment appears to them to have arisen from sickness, distress, want of work, or any other sufficient reason, of which a written statement, signed by the defaulting member or some person claiming to act on his behalf, has been given to the secretary at the time when the payment ought to have been made.

26. *Application of Dividends to Pay up Shares.*—Unless the society directs otherwise, the dividends payable

(1) Upon the share capital held by any member ;

(2) Upon any purchases made by him ;

shall not be paid to him until all shares which he is required to hold are fully paid, but shall accumulate and be applied from time to time in payment of the sums due on such shares.

27. *Allotment of Shares.*—The committee shall allot to all members other than the special members, upon their admission or admission and approval, as the case may be, such number of shares, of the descriptions issued by the society, as they apply for, and shall similarly allot to them, from time to time, the shares applied for by them, or required to make the nominal value of their shares, whether transferable or withdrawable, not less than the capital of the same name credited to them, provided that the number of shares so allotted does not raise the total investment of any member, except a society, to a sum exceeding two hundred pounds sterling, or such lesser sum as the society may direct.

## Sec. 2.—Enforcement of Debts to Society.

28.—*Recovery of Sums due under Rules, and Forfeiture of Shares.*—All sums due from any member, for subscriptions or otherwise, shall be recoverable from him, his executors or administrators, as a debt due to the society. The secretary shall lay before each ordinary business meeting a return of all such sums, and thereupon the meeting may—

(1) Direct the committee to take legal proceedings for the recovery thereof ;

(2) If the sum is due in respect of a share, declare such share to be forfeited in such cases as the society may direct, and subject thereto if any payment thereon has been in arrear for three calendar months.

29. *Effect, and Remission of Forfeiture.*—Upon a declaration of forfeiture of a share, all sums paid or credited thereon shall become the property of the society ; but the forfeiture may be remitted in such cases as the society may direct, and subject thereto shall be remitted if the sum due is paid

within one calendar month from the date of a notice of forfeiture, which shall be sent in each case to the registered address of the member within one week after the declaration of forfeiture.

### Sec. 3.—Loans and Deposits.

30. *Loans on the Security of Agreements, Bonds, or Mortgages; to what amount, and how may be made:*

(1) The committee may obtain advances of money for the purposes of the society from time to time from any person, whether a member of the society or not, upon the security of bonds, or agreements, or transferable preferential shares by or of the society, or of a mortgage either legal or equitable of any property thereof;

(2) The amount so obtained shall not exceed such proportion of the nominal capital of the society as the society may direct, and subject thereto, shall not exceed one-half thereof, without the previous authority of a special general meeting. With such authority, it may be any sum not exceeding the amount so authorised;

(3) The committee may make any such loan on such terms as to the time and manner of repayment as it thinks fit;

(4) The rate of interest agreed to be given on any such advance shall not exceed any rate which the society may direct, but subject thereto may be any rate not exceeding £6 per cent per annum, or such higher rate as any special general meeting may authorise;

(5) Any bond of the society may be made a specific charge upon any lands of the society specified therein or in any schedule thereto. But a separate register shall be kept of all such bonds;

(6) Any such bonds or shares may be issued, or agreement or mortgage made, to cover any sum not exceeding the limits aforesaid owing upon the account of the society to any person with whom it may transact banking business.

31. *Power to Receive Deposits.*—Unless the society directs otherwise, the committee may receive from any persons, whether members or not, on deposit, withdrawable on such

notice, being not less than two clear days, as they fix from time to time, any sums not exceeding 5s. in any one payment, nor £20 for any one depositor. [See the Act, § 10 (2, c).]

### Sec. 4.—Investments.

32. *Power to Invest Surplus Capital.*—The committee may invest any part of the capital of the society in advances to members on the security of real or personal property ; or, with the sanction of a special general meeting, in purchasing the business of any other society or company in which its capital might be invested falling within the objects of the society, or in carrying on any such business in conjunction with any such society or company ; or in any other way permitted by the Industrial and Provident Societies Act, 1876.

### Sec. 5.—Repayment of Capital.

33. *Repayment Compulsory on Members.*—Subject to the payment of, or a sufficient provision for all subsisting claims on the society, the committee, with the approval of any general meeting, may apply any moneys for which they cannot find profitable investment, in paying off—

(1) The shares of any member who has bought of the society to an amount less than any sum fixed by the ordinary business meetings from time to time in any period thereby prescribed ;

(2) The excess of shares held by those who hold the largest number above those who hold the next largest ;  
Provided that no member be required to accept less than the full sum paid up upon each share so paid off, and that the number of shares held by any member shall never be reduced below the number which, by the rules of the society, a member is required to hold.

34. *Repayment on the Request of Members.*—Subject as aforesaid, the committee may, unless the society directs otherwise, in the case of any transferable share required to be held by a member desirous of withdrawing from the society, on the application of the holder of any such share, repay any sum not exceeding the amount then credited thereon ; and shall repay the whole sum so credited in any case where they refuse to confirm the transfer of any such share which is fully paid up.

35. *Shares Repaid to be Extinguished.*—All such repayments shall be made on resolutions of the committee, which, with the receipts for the money paid, shall be entered or referred to on the respective registers of withdrawable or transferable shares after-mentioned, designating any transferable share by the number to be given to it, and thereupon the shares in respect of which such payments are made shall be extinguished.

36. *Moneys Left with the Society after Notice of Repayment.*—If a member who has received notice that the committee is prepared to pay him off leave the sum to be thus repaid in the hands of the society he shall not be entitled to any interest thereon after the expiration of the time named in the notice of repayment.

## CHAPTER V.—SHARES.

### Sec. 1.—Shares Generally.

37. *Of What Descriptions.*—The shares of the society shall be of such descriptions as the society may direct, and subject thereto, and to Rule 54, shall be either transferable or withdrawable, as is expressed in each case.

38. *Where Two or more Joint Holders.*—Shares may be held by two or more individuals jointly, either of whom may give a valid receipt for any interest or dividend payable thereon; and all notices relating to any such shares, given to such one as they jointly direct, and in default of any direction, to the one whose name stands first in the books of the society, shall be sufficiently given.

39. *Limit to Dividends.*—Dividends shall not be calculated on any fraction of £1, nor for any fraction of a calendar month.

40. *Lien of Society on Shares.*—The society shall have a lien on the shares of any member for any debt due to it by him, and may set off any sum credited to the member thereon in or towards the payment of such debt.

### Sec. 2.—Transferable Shares.

41. *How to be Allotted.*—All transferable shares allotted by the society shall be numbered continuously, and all such as are not taken to be held by the special members shall be



allotted to the original holders thereof by the committee in the order of the numbers ; and all such as are taken to be so held shall be entered in the share register after mentioned, under the names of such members, in alphabetical order, by the order of the numbers, beginning with one.

42. *Share Register*.—The committee shall keep a share register, in which, under the number of each share, shall be entered the name of the member to whom it was originally allotted, or under whose name it is entered ; and if the share is cancelled, as is hereinafter provided, the date of such cancelling.

43. *Share Ledger*.—The committee shall keep, as part of the share register, a ledger, containing, in separate columns, under the name of each member, the numbers of the shares originally allotted to, or entered in the name of, or subsequently acquired by such member, with the dates of such allotments, entries, and transfers respectively, and a reference to the pages containing the names of the transferors ; the numbers of all shares transferred, with the date of such transfers respectively ; a reference to the pages containing the names of the transferees ; and such particulars of the amounts paid upon such shares as the committee direct.

44. *Forms of Transfer*.—Transfers shall be in one of the forms hereinafter contained, or as near thereto as the case allows ; they shall be numbered continuously, and shall state the number of each share transferred ; and shall be executed by the transferor and transferee, and kept in the office of the society, and entered under their numbers in a register of transfers, with such other particulars as the committee direct ; and the number of each transfer shall be entered in the share ledger, under the name of the transferor and the transferee.

45. *Registration of Transfers*.—No transfer shall be registered unless it is properly stamped, nor if made by a member indebted to the society, without special order of the committee ; and until the transfer of a share is registered no right shall be acquired against the society by the transferee, nor shall any claim of the society upon the transferor be affected.

46. *To whom Transfers may be made*.—Any share may be transferred with the approval of the committee to any other member at the option of the transferor ; but if the transferee is not a member he must be approved of as a member by the

committee, or the committee and a general meeting, according to the provisions of the rules relating to the admission of members, before the transfer can be registered; and if the rules require a member to hold more than one transferable share, the transferee must acquire by the transfer, or by the transfer and allotment, the number so required to be held before the transfer can be registered; and if the transferee is a woman known to be married or about to be married, such consent or application as is required by the rules upon her admission shall be requisite before the transfer can be registered.

47. *Fee on Transfers.*—Upon the transfer of any share there shall be paid such fee as the society may direct, and subject thereto sixpence.

48. *Shares held in Trust.*—No entry of any trust shall be made upon the share register, except in the case of shares held by trustees for any company, in which case no transfer shall be registered except on a resolution of the committee of such company, which shall be filed with the transfer.

49. *Payment of Stamp Duty by the Society.*—Unless the society directs otherwise, the committee may pay the stamp duty upon the transfer of any share which a member is required to hold, made for the purpose of enabling him to withdraw from the society.

50. *Preferential Shares.*—All shares to which any preferential right or claim is attached, shall be transferable only.

51. *Sale of Shares to Pay Debts.*—The committee may, in default of payment by any member indebted to the society in any manner contrary to its rules, to an amount not less than three-fourths of the sum paid up for the time being on any transferable share held by him, sell and transfer in the books of the society such share to any person entitled to hold the same under the rules, for the best price obtainable therefor, and apply the proceeds in or towards the discharge of the debt so due and any expenses incurred in or about the same, paying over the balance thereof, if any, to the member, without being responsible for any loss occasioned thereby. And any transfer so made shall extinguish all right of such



member in the share so transferred, and shall operate as an original issue thereof, subject to the credit to be given to the purchaser for all payments previously made thereon.

52. *Limit to Amount Expended on Repayments.*—The amount expended in the repayment of any transferable shares shall not exceed any sum placed at the disposal of the committee for that purpose from time to time by the general meetings of the society, and shall be regularly stated in the accounts of the society.

53. *Payments on Account of Shares.*—Payments made on account of shares by a member who holds any transferable share not fully paid shall be carried to the account thereof, and distributed equally among such shares, if more than one.

### Sec. 3.—Withdrawable Shares.

54. *When may be Allotted.*—Except the society directs otherwise, withdrawable shares may be allotted as the committee direct.

55. *Conditions of Withdrawal.*—All such shares and any sums credited thereon shall be withdrawable on and subject to such notice and regulations as the society directs, and subject thereto such notice as the committee may fix, and the regulations following :—

(1) On the withdrawal of any sum such number of shares as corresponds to that sum, excluding fractions of a share, shall be deemed to be withdrawn, unless the member directs otherwise ;

(2) All withdrawals shall be paid in the order of the applications therefor ;

(3) Except by consent of the committee, no continuing member shall reduce the sum credited on any withdrawable shares below that payable on any required to be held by such member ;

(4) Sums withdrawn on a share required to be held shall be a debt to the society payable in like manner as subscriptions on that share ;

(5) On the total withdrawal of a member such fine as the society may direct shall be charged ;

(6) The committee may, if they think fit, waive the ordinary notice, and remit any fine for any period not exceeding six calendar months ;

(7) Except with the consent of the committee, not more than such proportion of the withdrawable capital of the society paid up on the 1st of January in each year as the society may direct, and subject thereto not more than one-tenth thereof shall be withdrawable during the year, including such sums as may be under notice of withdrawal at the commencement thereof;

(8) The right of withdrawal may be suspended as the society may direct, and subject thereto by the resolution of a special general meeting for any time thereby fixed in all cases where the notice of the meeting preceded the application for withdrawal.

56. *Share Register and Ledger Account of Shares.*—Withdrawable shares shall not be numbered, but the committee shall keep a share register showing the amount of withdrawable share capital existing from time to time, and containing a ledger account under the name of each member, showing the number of shares held by him, and all sums due, paid, or withdrawn by or credited to him on account of them.

57. *Form of Withdrawals.*—Applications for withdrawal shall specify whether any share is withdrawn; and shall be made and paid as the committee direct.

#### Sec. 4.—Transmission of Interest.

58. *Nomination Book.*—Any member not under the age of sixteen years may, by a writing under his hand, delivered at or sent to the registered office of the society, nominate any person, not being an officer or servant of the society, unless such officer or servant is the husband, wife, father, mother, child, brother, sister, nephew, or niece of the nominator, to whom his shares in the society shall be transferred at his decease, provided that the amount credited to him in the books of the society does not exceed £50; and may from time to time revoke or vary such nomination by a writing under his hand, similarly delivered or sent, but not otherwise; and the committee shall keep a book wherein the names of all persons so nominated shall be regularly entered, and shall cause any nomination so revoked to be erased therein. [See the Act, § 11 (5).]

59. *Notice of the Right to Nominate.*—A notice of the right of nomination shall be sent to every individual member who

has not exercised this right, with the report of the first ordinary business meeting in each year of which a report is circulated among the members, and shall be otherwise given, as such meetings may direct.

60. *Fee on Nomination or Revocation.*—A member shall pay such fee, not exceeding 3d., for the entry of every nomination or revocation, whether or not accompanied by a fresh nomination, as the society may direct and subject thereto 3d.; and one fee only shall be charged for the entry of all the names in any nomination or revocation paper, if more than one. [See the Act, § 11 (5).]

61. *Proceedings on the Death of a Member :*

(1) Upon receiving satisfactory proof of the death of a nominator, the committee shall either transfer the shares in manner directed on such nomination, or pay to every person entitled thereunder the full value of his interest, at their option, unless the shares if transferred to any such nominee would raise his interest in the society to an amount exceeding £200, in which case they shall pay him the full value of such shares not exceeding the sum aforesaid. [See the Act, § 11 (5).]

(2) If any member entitled to an interest in the society not exceeding £50 dies intestate, and without having made any such nomination as aforesaid, which remains unrevoked at his death, the committee shall transfer or pay such interest, without letters of administration, to or among the persons who appear to a majority of the committee, upon such evidence as they may deem satisfactory, to be by law entitled to receive the same. [See the Act, § 11 (5).]

(3) Upon the death of any member who has an interest in the society exceeding £50, or transmitted by his will, his executor or administrator shall, so soon after his decease as is practicable, give to the secretary of the society a notice, in writing, stating the death of such member, and the Christian name, surname, profession, or business of such legal representative, and specifying the nature and amount of his interest or claim; and thereupon, and upon the production, if the case requires, of the probate of the will of, or letters of administration to, such member, and of such evidence, if any, of his

death as may be required by the committee, the committee shall either transfer the shares, or other interest of the member specified in such notice, in the books of the society to his legal representative, or shall pay to him the sum which represents the full value thereof, and may make such transfer or payment at their discretion, unless the transfer would increase the interest of the transferee in the society to more than £200, in which case they shall make the payment in money.

62. *Extinction of Transferable Shares.*—If any share so paid for is a transferable share, an entry of the payment shall be made on the register of transfers, in manner hereinbefore provided, on the repayment of a transferable share, and thereupon such share shall be extinguished.

63. *Shares Nominated to be always Transferable.*—Shares comprised in any nomination shall be transferable to the nominee without ceasing to be withdrawable in consequence of such transfer, and the like provision shall apply to shares transferred under any will or administration. [See the Act, § 11 (5).]

64. *Transfer to Make Membership.*—Every nominee or other person to whom any share is transferred under this section shall thereby become a member of the society, if not previously a member.

65. *Bankruptcy of a Member.*—The provisions herein contained as to the executor or administrator of a deceased member shall apply to the trustee of the property of a bankrupt member, with such variations as the case requires.

66. *Joint Holders of Shares.*—On the decease of a joint holder of any share it shall be transferred into the name of the survivor on his application.

## CHAPTER VI.—GOVERNMENT & ADMINISTRATION.

### Sec. 1.—General Meetings.

67. *Ordinary and Special Meetings.*—General meetings of the members shall be either ordinary, which include (1) monthly meetings, (2) ordinary business meetings; or special.

68. *Ordinary Business Meetings.*—The first ordinary business meeting of the society after it is established shall be held at such time as the special members fix, and the subsequent meetings at such time as the society may direct, and subject thereto in each 3rd, 6th, 9th, and 12th month after the first meeting, on such days and hours as are fixed by the resolutions of any such meetings from time to time, and so far as no such resolution extends by the committee.

69. *Monthly Meetings.*—Monthly meetings shall be held as the society may direct, and subject thereto as the ordinary business meetings direct; and shall have such functions as is so directed, and so far as no such direction extends the following functions:—

(1) To confirm or not the election of members and the transfer of shares, if the rules require such elections or transfers to be confirmed by a general meeting;

(2) To discuss the affairs of the society;

(3) To explain the principles and rules of the society;

(4) To make suggestions for the consideration of the committee;

(5) To recommend the names of persons suitable for election as officers of the society.

70. *Functions of Ordinary Business Meetings.*—The functions of ordinary business meetings shall be:—

(1) To receive from the committee, auditors, or any other officers of the society, reports upon the business of the society during the period embraced therein and the state of its affairs at the date thereof, which, except any such meeting directs otherwise, shall be made to every such meeting;

(2) To elect the committee, auditors, and other officers of the society, excepting those whose appointment is given by the rules to the committee;

(3) To transact any other general business of the society.

71. *Time and Place of Holding such Meetings.*—Any ordinary business meeting may fix, from time to time, its place of meeting, which, where no other place is so fixed, shall be the registered office of the society.

72. *Notice of Time and Place of Meeting.*—Such notice shall be given of the time and place of the first ordinary business meeting as the special members direct, and subsequently, notice of the time of every ordinary business meeting, and of the place where it is to be held if it be other than the registered office of the society, and in case the meeting has to elect any officer of the society of what officers are to be then elected, shall be given as the society may direct, and subject thereto by fixing such notice conspicuously in the registered office and every place of business of the society for fourteen clear days before the day of the meeting, and otherwise as such meetings may direct.

73. *Special General Meetings.*—Special general meetings shall be convened by the secretary, either on an order of the committee, or upon a requisition signed by such number of members as the society may direct, and subject thereto by twenty members, and shall be held as soon as is possible after the receipt of such order or requisition, and at the ordinary place and time of the business meetings of the society, unless any ordinary business meeting fixes any other place of meeting.

74. *Notice of Special General Meetings.*—Notices convening a special general meeting shall state the time and place thereof, and the purpose for which it is convened, and shall be notified to the members as the society may direct, and subject thereto shall be posted to the registered address of all the members not less than six clear days before the day of meeting, unless in any case of emergency where the committee unanimously direct a shorter notice to be given.

75. *Where Members may give Notice.*—If the secretary does not convene a special general meeting in manner required hereby, for seven clear days after a requisition therefor signed as hereinbefore is provided has been delivered at the office of the society, any of the requisitionists may give such notice of the meeting as is provided by Rule 74, and shall have a claim upon the society for all costs, if any, properly incurred in giving such notice.

76. *Business of Special General Meetings.*—A special general meeting cannot transact any business not specified in the notice convening it, nor unless the notice convening



it has been given according to the rules. But an ordinary business meeting may be made special for any purpose of which notice has been so given, provided that such business is not brought on until the ordinary business is concluded.

77. *Quorum of General Meetings.*—An ordinary business or special general meeting may proceed to business, if such number of members as the society may direct to be the quorum of such meetings, and subject thereto if ten members are present within an hour after the time fixed for the meeting; otherwise the meeting, if a special general meeting convened on the requisition of the members, shall be dissolved, but if an ordinary business meeting or a special meeting convened by order of the committee, shall stand adjourned to the week following, at the same time, and shall be held at the principal place of business of the society unless any resolution of an ordinary business meeting directs otherwise in which case it shall stand adjourned to such place as is so directed; and the meeting so adjourned may proceed to business whatever is the number of members present. No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken.

78. *Power of Adjournment.*—Any general meeting, duly constituted, may adjourn to such place as the members present direct, within such limit of time as the society may direct, and subject thereto within thirty days, and may continue any such adjournment from time to time. No business shall be brought on at any adjourned meeting which could not have been transacted at the original meeting; and the same notice shall be given of any meeting adjourned for more than fourteen days as was required for the original meeting.

79. *Quorum of Monthly Meetings.*—A monthly meeting shall be dissolved if such number of members are not present within such time after the hour of meeting as the meeting appointing them fixes, and subject thereto if ten members are not present within fifteen minutes.

80. *Chairman of Meetings.*—Every meeting shall have a chairman, who shall have such voting power as the society may, direct, and subject thereto shall not vote unless the votes

are equal, when he shall have a casting vote ; and who, in the absence of the president of the society shall be any member of the committee willing to preside ; and in the absence of any such member such person as the meeting selects.

81. *Votes of (1) Individuals, (2) Societies or Companies.*

—(1) Each individual member present, who holds such number of shares as an individual is required to apply for on admission, and is credited in the books of the society with such sum as the society may direct, and subject thereto with a sum equal to one share, and is not disqualified by Rule 19 ; and such one of the joint holders of the like number of shares credited with the like sum and not so disqualified as they appoint in writing, shall have one vote. Proxies shall be admitted only as the society may direct, and under the conditions so stated. (2) A society or company which holds such number of shares as it is required to apply for on admission, and is not in arrear of the subscriptions due thereon, may vote by deputy, and may appoint such number of deputies, each of whom shall have such number of votes, to be given in such manner as the society may direct ; and subject thereto every such society or company may appoint one deputy, and each deputy shall have one vote.

82. *How Votes shall be Taken.*—Votes shall be first taken by show of hands, unless a ballot on any question is demanded by such number of members in such manner as the society may direct, and subject thereto by five members present, when they shall be taken by ballot as the society may direct, and subject thereto as the committee fix. Subject to any special direction contained in any rule of the society or Act of Parliament, all questions shall be determined by a majority of votes.

83. *Appointment and Powers of Deputies.*—A deputy shall be appointed, as the society may direct, and subject thereto by a resolution signed by the secretary and two members of the committee thereof and sent to the secretary of this society. He shall be taken to be a member of this society on behalf of such society or company, and shall be included in the number of members required to constitute a meeting ; and shall be competent during the



continuance of his appointment to do any act consistent therewith which could be done by an individual member ; and the appointment of a deputy shall be taken to continue until notice of the appointment of some other deputy in his stead is so given as above stated.

84. *Conduct of Members.*—The committee, if they find it requisite, may pass resolutions for regulating the conduct of members at meetings, or the time after which divisions shall not be taken ; which shall be binding on all the members, subject to any resolutions of the ordinary business meetings thereon.

## **Sec. 2.—The Committee of Management.**

85. *How Committee to be formed.*—The business of the society shall be conducted by a committee of management, which, until the first ordinary business meeting after this rule is registered is held, shall consist of the special members, and after such meeting shall consist of such officers of the society, if any, and such number of committee-men so appointed as the society may direct, and subject thereto of the president, treasurer, secretary, and eight committee-men elected at such meeting.

86. *Retirement and re-eligibility of Committee-men :*

(1) At each ordinary business meeting such number of the existing committee-men as the society may direct, and subject thereto one-fourth part shall retire and an equal number shall be elected ; the order of retirement being fixed so far as is practicable by priority of election, but if necessary by ballot. A retiring committee-man shall be immediately eligible.

(2) If a vacancy caused by the retirement of any committee-man is not filled up by the meeting by which it ought to have been filled under the rules, the retiring member may continue to act until the next ordinary business meeting.

87. *Removal of Members of Committee.*—A committee-man may be removed from office at any time by such majority as the society may direct, and subject thereto by two-thirds of the members present and voting at a special general meeting, which may thereupon proceed to fill up his place by a vote of the majority of the members present and voting.

88. *Qualification of a Committee-man.*—Unless the society directs otherwise, no person can be a committee-man who is not a member; and a person who holds any place of profit under the society other than an office remunerated in manner provided by Rule 105, shall be disqualified from being a committee-man; and any person who accepts such a place, or becomes bankrupt, or is concerned in the profits of any contract made with the society, except as a member of any society or company which contracts with or does any work for it, shall thereupon vacate his office.

89. *Vacancies—How to be filled up.*—A vacancy in the number of committee-men arising from any such disqualification as aforesaid, or the removal of any committee-man whose place is not filled up by the meeting by which he is removed, or the death, resignation, incapacity for acting, or refusal to act, of any committee-man, shall be filled up with some qualified person as the society may direct, and subject thereto (1) if it arises in the interval between two ordinary business meetings, by the remaining members of the committee, or if not so filled, by the next meeting; (2) if it arises at any such meeting, by the meeting, and in the last case any committee-man who may resign shall be immediately re-eligible. Every person so appointed, or elected by the meeting, to fill any vacancy shall be substituted for the member who has caused the vacancy, and shall retire from office at the time when such member would have retired.

90. *General Powers of the Committee.*—The committee shall control all business carried on by or on account of the society; receive and give receipts for all moneys due to it, determine all purchases or sales, and the prices to be paid or charged for the same, and make all contracts entered into by or on behalf of the society for any of the objects for which it is formed, including all purchases and contracts relating to land, excepting such, if any, as the society may direct to be subject to the approval or authorisation of a general meeting, and if the society has any land, building, or mortgage rules subject to these; and all such contracts shall be signed and attested as they direct from time to time. They may, from time to time, engage, remove, or discharge all managers, salesmen, or employes of any description required to conduct any such business, and fix their duties, salaries, or other

remuneration, at such rates, and require them to give such security, either in the forms hereinafter contained, or in such other forms approved of by them, as they determine. They shall decide on the evidence to be produced for establishing the claim of any nominee, executor, administrator, or official trustee to any share in the society; and may institute, prosecute, compromise, or refer to arbitration any suit, debt, liability, or claim against, by, to, or on the society; and in any case for which the rules of the society do not expressly provide, may exercise any power which could be exercised by the society in general meeting other than such as by the law for the time being relating to Industrial and Provident Societies may be required to be exercised by such meetings, and so that in the exercise of any such power they do nothing inconsistent with the previous resolutions of such meetings. And all acts or orders done or given by the committee in the name and on behalf of the society under any power hereby given them, shall bind the society and every member thereof as fully as if they had been acts or orders of a majority of the members of the society, at a general meeting thereof, acting in exercise of the powers given them by the rules.

91. *The Committee to Summon Meetings, Provide Books, &c.*—It shall be the duty of the committee, under such penalties, if any, as the society may direct,—

(1) To convene all meetings of the society according to the rules thereof, subject to the provisions hereinbefore contained as to special general meetings;

(2) To provide proper books for entering the accounts of all business carried on on behalf of the society, and the minutes of all meetings thereof, and of their own proceedings, and for making all such entries as are hereby required, or as any general meeting may direct;

(3) To provide such forms as are necessary in consequence of the provisions of the rules, and for the same being kept, made up, or used in such manner as in their discretion they think desirable;

(4) To provide a sufficient supply of copies of the annual returns and books of rules to comply with the directions of Rule 126.

92. *The Committee to lay Statement of Accounts and Report before the General Meetings.*—The committee shall prepare a

statement of the accounts of the society, in such form as the ordinary business meetings direct from time to time, and lay them, duly audited by the persons appointed to audit the same, before each ordinary business meeting, unless such meetings direct otherwise and in that case before such meetings as they may direct, accompanied by a report on the position of the affairs of the society, signed by the chairman of the meeting at which such report is adopted.

93. *Time, Place of Meeting, and Quorum of the Committee.* The committee shall meet at such times and places as the ordinary business meetings direct, and, so far as no such direction extends, at such times and places as they determine, but shall not proceed to business unless such number of members as the society may direct, and subject thereto not unless three members are present. No member of the committee shall vote on a question on which he is personally interested.

94. *Fines for Non-attendance.*—The ordinary business meetings may impose fines on any member of the committee for non-attendance, provided that no such fine is retrospective.

95. *Chairman of the Committee.*—Every meeting of the committee shall have a chairman who shall be the president of the society if present, and in his absence such one of the members of the committee as they appoint. The majority of votes shall decide, but the chairman shall have a second casting vote.

96. *Special Meetings of the Committee.*—A special meeting of the committee may be called by a notice in writing given to the secretary by such number of members, at such time before the day fixed for the meeting as the society may direct, and subject thereto by two members one clear day before such time. The secretary shall communicate every such notice to all members of the committee as soon as possible after the receipt thereof; and no other business shall be done at the meeting than the business named therein.

97. *Appointment of Sub-committees.*—The committee may delegate any of the powers hereby given to them to a sub-committee of its own members, who shall, in the functions entrusted to them, conform in all respects to the instructions given them by the committee.

### Sec. 3.—Local Committees.

98. *Provision for their Appointment.*—Any ordinary business meeting may provide for the appointment of a local committee for any purpose which appears to it likely to promote any object of the society, and may assign for the action of any such committee any district which it thinks fit.

99. *Mode of Appointment.*—A local committee shall consist of such number of members, appointed in such way, either by nomination of the committee, or election of the members whether generally or under any local limitation, as the meeting authorising its appointment directs.

100. *Functions of the Local Committees.*—A local committee shall be governed by such rules as the society may direct, and subject thereto by the rules following:—

(1) A local committee shall at the first meeting after its appointment, and afterwards at the first meeting in each year from that date, elect a chairman and a secretary, each of whom shall continue in office for twelve months if they continue on such committee, and shall be re-eligible; and shall fill up vacancies in either office as they may arise;

(2) The secretary of a local committee shall convene all meetings thereof, and keep a record of the attendances of the members, and the resolutions come to, and shall return to the committee the names and addresses of any members not appointed by the committee, as soon as possible after their appointment;

(3) A local committee shall discharge any local work which the committee may require it to undertake, and shall be specially charged with the duty—

(a) of visiting any branch belonging to the society in the district assigned to it;

(b) of advising with the manager thereof on any matter in their judgment tending to the improvement of the management or the increase of its sales;

(c) of bringing before the committee anything relating to the quality or price of the goods, or the conduct of the business at any such branch, which appears to it to be faulty;

(4) A local committee may be employed to take the stock of any such branch;

(5) A local committee shall have the management of all meetings of members within the district assigned to it, and shall have the primary duty of seeking to add new members, and inducing the members to support the society, and thus keeping up and developing the principles and benefits of co-operation ;

(6) No local committee shall have authority to pledge the credit of the society, or involve it in any expense, except in virtue of a written order signed by the secretary of the society, and to the extent therein expressed.

#### Sec. 4.—Officers of the Society.

101. *Appointment of President, Treasurer, and Secretary.* There shall be such officers as the society may direct, and subject thereto a secretary and treasurer of the society, and a presiding officer with such title as the society may direct, and subject thereto with the title of president ; and every officer shall be so qualified, appointed, and liable to suspension or removal, as the society may direct, and subject thereto the following regulations shall apply to each of the officers aforesaid :—

(1) He shall be elected at the first ordinary business meeting of the society after these rules are registered, and subsequently at the first ordinary business meeting in each year ;

(2) He must be a member of the society, and shall be disqualified from office by the same circumstances which are disqualifications for a committee-man, and shall be removable from office by such a majority as can remove a committee-man ;

(3) He shall be re-eligible, and if no successor is appointed on the termination of his office shall continue in office till the next regular period of election ;

(4) A vacancy in his office shall be filled up at the next ordinary business meeting after it occurs, and if not then filled up by the members may be filled up by the committee ;

(5) The person appointed to fill up a vacancy shall continue in office only till the regular time of election, subject to provision (3) .



102. *Duties of these Officers.*—The duties of the officers appointed under Rule 101 shall respectively be such as the society may direct, and subject thereto shall be as follows:—

(1) THE PRESIDENT, or presiding officer by whatever title he is called, (a) shall take the chair, if present, at all meetings of the society or the committee ;

(b) He shall sign the reports to be laid before the meetings of the society, which shall be previously submitted to, and approved of by, the committee.

(2) THE TREASURER (a) shall supervise the accounts and payments of the society, which shall be entered in the books thereof as he from time directs, subject to the orders of the committee ;

(b) He shall lay before the committee at such times as they direct, and in default of any other direction at the first meeting in every month, a statement of the business of the society, showing such particulars as the committee require ;

(c) He shall discharge any other functions relating to the receipts or payments of the society which the committee may direct ;

(d) Any general meeting may substitute the bankers of the society in place of the treasurer, in which case any duties hereby assigned to the treasurer may be discharged in such manner as the meeting directs, and the election of an officer as treasurer shall cease to be made ; but the meeting may substitute an additional committee-man and fix the time of his retirement.

(3) THE SECRETARY (a) shall summon and attend all meetings of the society and of the committee, and of any sub-committee, if so required by the committee, and shall keep minutes thereof in such manner as the committee direct ;

(b) He shall make such returns relating to the business of the society as the committee require ;

(c) He shall have charge of the documents and other papers of the society, and if required by the committee shall keep the accounts in such manner as they direct ;

(d) He shall keep all the books relating to shares, loans, or deposits required to be kept under the rules of the society, and the list of members, and shall receive

all contributions, fines, and other payments due from the members to the society, and keep the accounts thereof, and pay over the amount so received as the committee directs ;

(e) He shall prepare and send all returns required to be made to the registrar ;

(f) He shall in all things act in the discharge of his duties under the direction and control of the committee ;

(g) Unless the society directs otherwise he shall not sit on the committee except he is a member thereof in virtue of his office.

(4) *Generally.*—It shall be the duty of every officer of the society, having the receipt or charge of any moneys thereof, his executors, or administrators, at such time as the society may direct, and subject thereto as the committee require, or upon demand made, or notice in writing given or left at his last or usual place of residence, to give in his account, as may be required by the society or the committee, to be examined and allowed or disallowed by them, and on the like demand or notice to pay over all moneys, and deliver all property for the time being in his hands or custody to such person as the society or the committee appoint. [See the Act, § 13 (2).]

103. *Officers Appointed by the Committee.*—If the society directs that any officer to whom the provisions of Rule 102 apply shall be appointed by the committee, the committee may from time to time determine the duties of the officer so appointed by them, but subject to any such determination his duties shall be as is therein defined.

104. *Assistants to Secretary.*—The committee may from time to time appoint such clerks or other assistants as may be required to aid the secretary, whether he is elected by the society or appointed by the committee.

105. *Remuneration of Officers.*—The ordinary business meetings shall from time to time determine the remuneration of the secretary if elected at such meetings, and may remunerate the president, treasurer, committee-men, or any other member for their services as they think fit.



106. *Security by Officers.*—It shall be the duty of every person holding any office touching the receipt or charge of any moneys of the society, under such penalty as the society may direct, and subject thereto the minimum penalty attached to an offence under the Act, before entering on the execution of his office, either to enter into an agreement or to become bound, with or without a surety as the committee require, according to the forms in Rule 140, or such forms as they approve from time to time, or to give the security of a guarantee society in such sum as they direct, for rendering a full and true account of all moneys received or paid by him on account of the society, at such times as the rules fix or as the committee require, and for the payment of all sums due from him to the society. [See the Act, § 13 (1).]

### Sec. 5.—Conduct of Business.

107. *Dealings shall be for Cash.*—Unless the society directs otherwise, all goods sold by the society shall be paid for on delivery, or if the committee so direct on order.

108.—*Payment of Moneys into Bank.*—All moneys received from the members or otherwise on behalf of the society shall be dealt with as the general meetings direct from time to time, and subject thereto shall be placed to the account of the society with such bank as the committee select; and if not impracticable with some banking society or company which is a member of the Co-operative Union; and, if the moneys of the society cannot conveniently be thus disposed of, shall be kept in such custody as the committee direct from time to time.

109. *Payment by Cheques, subject to the Direction of any General Meeting.*—When a banking account is opened, all payments above such sum as the general meetings fix from time to time, and subject thereto £5 shall be made by cheques, signed as the society may direct and subject thereto by two of the committee countersigned by the secretary.

110. *Seal of the Society—its Custody and Use.*—The society shall have its name engraven in legible characters upon a seal, which shall bear such device as is directed by the special rules, and shall be in such custody as the society may direct, and subject thereto such as the committee appoint; and shall be used only under the authority of a reso-

lution of the committee, the date whereof shall be mentioned on the instrument to which the seal is attached; and shall be attested as the society may direct, and subject thereto by the signature of two members of the committee and the countersign of the secretary. [See the Act, schedule II. (11).]

111. *Use of Name of the Society.*—The name of the society shall be mentioned in legible characters in all notices, advertisements, and official publications, bills of exchange, promissory notes, endorsements, cheques, or orders for money or goods purporting to be signed by or on behalf of the society, and on all bills of parcels, invoices, receipts, or letters of credit of the society, and shall be conspicuously painted or affixed, and kept painted or affixed, on the outside of every office or place of business of the society. [See the Act, § 10 (1, b).]

112. *Complaints and Suggestions by Members.*—A member who has any complaint to make as to the quality, quantity, or price of any goods supplied by the society, or the conduct of any officer or servant of the society, or any suggestions for better carrying into effect the objects of the society, shall send the particulars of such complaint or suggestion to the committee, who shall inquire into and decide upon them, subject to an appeal from any such decision to an ordinary business meeting; but no such complaint shall be brought before any such meeting except on appeal.

113. *Employment of Members.*—Except the committee should direct otherwise in any case, the holding shares in the society shall not be required as a condition of employment.

## Sec. 6.—Evidence.

114. *Minutes to be Evidence of Proceedings.*—The minutes of all meetings of the society or committee, containing such particulars as the committee direct from time to time, shall be regularly recorded by the secretary; and the minutes of every monthly or ordinary business meeting of the society, and of every meeting of the committee, shall be read at the next of such meetings respectively, and signed by the chairman of the meeting at which they are so read, and the minutes of every special general meeting shall be read at the

meeting of the committee following, and signed by the chairman of such meeting; and all minutes so signed shall, in the absence of evidence to the contrary, be taken as between the society and every member thereof to be a true statement of any matter therein contained; subject to the correction of any patent error.

115. *What to be sufficient Notice.*—Every member shall be taken to have due notice of every meeting, resolution, or other matter of which notice is required by the rules of the society to be given, if the same is made known in such manner as the society may direct, and subject thereto and to any special direction in these rules by posting or sending a notice to the registered address of such member.

## CHAPTER VII.—ACCOUNTS AND RETURNS.

### Sec. 1.—The Auditors.

116. *Number of Auditors.*—There shall be such number of auditors as the society may direct, and subject thereto, and to the appointment of any public auditor, two auditors.

117. *Appointment of Auditors:*

(1) The auditors shall be appointed and retire as the society may direct, and subject thereto shall be elected at the first ordinary business meeting of the society after this rule is certified; and afterwards one shall retire and one shall be elected at each ordinary business meeting, the order of retirement of the first auditors being fixed by themselves;

(2) A retiring auditor shall be re-eligible;

(3) A vacancy in the appointment of an auditor may be filled up by the committee;

(4) No servant of the society can be an auditor;

(5) Any such meeting, in lieu of electing an auditor, may direct that the accounts shall be audited by a public auditor appointed under the Act, named thereby; and thereupon the appointment of the then continuing auditor shall be vacated, and the audit shall be conducted by such public auditor;

(6) Any subsequent general meeting may vary such direction by substituting the name of another public

auditor, or, by a resolution whereof notice has been given as in the case of a special general meeting, may rescind the same; and thereupon the meeting shall elect auditors, who shall retire and be re-eligible as is provided by clauses (1) to (3).

118. *Duties of the Auditors.*

(1) *General.*—The auditors shall audit the accounts of the society to be prepared by the committee as hereinbefore provided, for the period intervening from the formation of the society, or their last audit, to such time as the society may direct, and subject thereto to the beginning of the last calendar month previous to each ordinary business meeting, and shall lay before it a balance sheet of the receipts and expenditure of the society during the period to which the audit extends, and a statement of its assets and liabilities at the time of such audit, both signed by them, which shall specify the total amount of all moneys borrowed by the society, distinguishing the character of the securities on which each is obtained.

(2) *Annual Return.*—The auditors shall examine the annual return after-mentioned, and verify the same, with the accounts relating thereto, and shall either sign the same as found by them to be correct, duly vouched and in accordance with law, or specially report to the society in what respects they find it incorrect, unvouched, or not in accordance with law. [See the Act, § 10 (1, c).]

119. *Powers of the Auditors.*—The auditors shall be entitled to call for and examine any paper or document belonging to the society, and shall make a special report to the society upon any matter connected with the accounts which appears to them to require notice.

120. *Audited Accounts to be Binding on the Members.*—Every balance sheet signed by the auditors and approved of by the meeting to which it is presented, shall be binding on all members of the society, excepting as to any error therein exceeding such sum as the society may direct, and subject thereto the sum of ten pounds, brought before the next ordinary business meeting.

121. *Copy of Accounts and Report.*—A copy of the last balance sheet of the society and of the report of the auditors

shall be kept always hung up in a conspicuous place in the registered office of the society. [See the Act, § 10 (1, g).]

122. *Remuneration of the Auditors.*—The auditors shall receive such remuneration as the ordinary business meetings vote them from time to time.

### Sec. 2.—Inspection of Accounts.

123. *Individual Right of Inspection.*—Any member or person having an interest in the funds of the society may inspect the books and the names of the members at all reasonable hours at the registered office of the society, or at any place where the same are kept, subject to such regulations as to the time and manner of such inspection as may be made from time to time by the general meetings of the society, except that no such member or person, unless he be an officer of the society, or be specially authorised by a resolution thereof, shall have the right to inspect the loan or deposit account of any other member without his written consent. [See the Act, § 10 (1, e).]

124. *Inspection on Order of the Registrar :*

(1) An application may be made under section 15 of the Act—

(a) To appoint one or more inspectors to examine into the affairs of the society and to report thereon :

(b) To call a special meeting of the society in manner and for the purposes provided by such sections.

(2) The application may be made :

(a) If the number of members does not exceed 1,000, by one-fifth part thereof ;

(b) If it exceeds 1,000, but does not exceed 10,000, by 100 members ;

(c) If it exceeds 10,000, by 500 members.

(3) The application must be supported by such evidence for the purpose of showing that the applicants have good reason for requiring such inspection to be made or meeting called, and are not actuated by malicious motives therein, and be made on such notice to the society as the chief registrar directs.

(4) Unless the registrar to whom it is made directs otherwise, all expenses of and incidental to any inspec-

tion or meeting ordered by him shall be defrayed out of the funds of the society. [See the Act, § 15 (1-4).]

### Sec. 3.—Annual Return.

#### 125. *What and When to be Made :*

(1) The committee shall, at such time not later than the 1st day of June in each year as they determine, send to the registrar a general statement, to be called the annual return, of the receipts and expenditure, funds and effects of the society as audited, which—

(a) Shall show separately the expenditure in respect of the several objects of the society ;

(b) Shall be made up to the 31st day of December then last inclusively ;

(c) Shall state whether the audit has been conducted by a public auditor appointed as by the Act is provided, and by whom ;

(d) If the audit has been conducted by any person other than a public auditor, shall state the name, address, and calling or profession of each such person, and the manner in which and the authority under which he is appointed.

(2) Together with such return the committee shall send a copy of every auditor's report during the year whereto the same return relates. [See the Act, § 10 (1, d, g).]

126. *Copies of Annual Return and Rules.*—It shall be the duty of the committee to supply to every member or person interested in the funds of the society, on his application—

(1) Gratuitously a copy of the last annual return for the time being of the society. [See the Act, § 10 (1, f).]

(2) To every person on demand a copy of the rules at such price, not exceeding one shilling, as the committee fix from time to time. [See the Act, § 9 (5).]

## CHAPTER VIII.—PROFITS.

### Primary Charges.

127. The profits of all business carried on by, or on account of, the society shall be applied as follows :—



(1) *Interest on Loans.*—In payment of the interest upon any loans or deposits, and the dividend on any preferential shares, according to the rates respectively agreed to be paid ;

(2) *Reduction of Fixed Stock, &c.*—In reduction of the value of the fixed stock and plant of the society, at such rate as the society may direct, and subject thereto, at the annual rate of 10 per cent on fixtures, and of  $2\frac{1}{2}$  per cent on shops, warehouses, or other buildings ;

(3) *Reduction of Preliminary Expenses.*—In the reduction of the preliminary expenses (if any) incurred in forming the society, and remaining unwritten off in its books, at such rate, being not less than £5 per cent per annum, as the ordinary business meetings on the recommendation of the committee from time to time direct ;

(4) *Dividend on Share Capital.*—In payment of a dividend upon the ordinary capital not exceeding such rates as the society may direct, and subject thereto £6 per cent on transferable shares, and £5 per cent on withdrawable shares, any share withdrawn participating in the dividend up to the time of payment at the rate last declared.

(5) *Reserve Fund.*—In forming, by applying such percentage of the net profits after providing for the preceding charges as the committee determine, a reserve fund to which all fines shall be carried, applicable, by a resolution of the ordinary business meetings on the recommendation of the committee—

(a) To the equalisation of dividends ;

(b) To meet any other contingency affecting the business of the society ;

(c) To any other purpose which the general meetings direct from time to time ;

(6) *Educational Fund.*—In promoting instruction, culture, or recreation, by forming an education fund, to which such proportion as the society may direct, and subject thereto  $2\frac{1}{2}$  per cent of the net profits, or such larger sum as any ordinary business meeting may vote, shall be carried ;

(7) *Congress Fund.*—In paying such subscription to the funds of the Co-operative Union, and to any official organ recognised by the congress, as the congress may fix ;

(8) *Social Fund*.—In promoting any other social or provident purpose authorised by any special general meeting, or any two successive ordinary business meetings, by applying thereto such sums as the ordinary business meetings may vote.

128. *Educational, Provident, and Social Funds :*

(1) *Qualification of Rule as to*.—The provisions (6) and (8) of Rule 127 may be qualified or superseded by the resolution of any special general meeting.

(2) *Mode of Dealing with—Special Accounts, and Committees for*.—The funds appropriated under the last-named provisions shall be applied for their respective objects in such manner as the ordinary business meetings direct from time to time, and separate accounts shall be kept thereof. In every case where specific funds are voted for educational, provident, or social purposes, a separate account shall be kept of all sums voted for such purposes, and a special committee of such number of members, appointed in such manner as is fixed by such ordinary business meetings from time to time, shall be named in each case, who shall be responsible to them for the due application of the funds placed under their care ; and the accounts of all such funds shall be regularly audited by the auditors of the society and submitted to the ordinary business meetings, at such periods as they direct from time to time, and subject thereto at each such meeting.

129. *Members in Arrears of Subscriptions*.—No interest or dividend shall be paid to any member who is in arrear of his subscriptions, but all such moneys shall be applied so far as they extend in payment of all such arrears, priority being given to the arrears due upon transferable shares over those due on withdrawable shares.

130. *Dividends when not passed by a Transfer*.—Dividends or interest on shares transferred within six days, or such other time as the ordinary business meetings fix before the time when they become payable, shall be paid to the transferor unless he directs otherwise.

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[For the division of surplus profits and the capitalisation of profits see Appendix, page 47.]



## CHAPTER IX.—DISPUTES AND EXPULSION OF MEMBERS.

131. *Disputes—how to be determined.*—All disputes arising between a member, or any person claiming through a member, or under the rules of the society, and the society or any officer thereof, shall be dealt with as the society may direct under the Act [sec. 14], and subject thereto, shall be dealt with as follows :—

(1) *Appointment of Arbitrators.*—At the first general meeting of the society after this rule is registered, or at such subsequent meeting as it may fix, such number of arbitrators as the society may direct, and subject thereto five shall be elected, none of whom are directly or indirectly interested in the funds of the society.

(2) *Mode of Selection.*—In any case of dispute the secretary of the society, or such other person as the committee direct, shall, in the presence of the complaining party or some one appointed by him, write the names of the arbitrators for the time being upon separate pieces of paper, and place them so that the names shall be concealed in a box or other receptacle, from which the complaining party or his representative shall draw out three, and the persons whose names are so drawn shall be the arbitrators to decide the matter in dispute.

(3) *Vacancies* in the number of arbitrators shall be filled up at the first general meeting after they occur, but if not then filled shall be filled up until the next general meeting by the committee.

(4) *If Arbitrators fewer than Three.*—Two arbitrators shall be competent to hear and decide any question, but shall, before hearing it, appoint an umpire, by whom, if they differ, the question shall be determined.

132. *How a Member may be Expelled.*—A member may be expelled in such manner as the society may direct, and subject thereto by the vote of two-thirds of the members present at a special general meeting of the society, upon

a charge in writing of conduct detrimental to the society, communicated to him by order of the committee for such time as the society may direct, and subject thereto for one calendar month before the meeting.

133. *Payment of Expelled Member.*—A member so expelled shall be paid the full sum paid on any shares in the society held by him at the date of the resolution for his expulsion ; and all transferable shares held by him shall be extinguished upon such payment being tendered, whether the member accept the tender or not ; and an entry referring to the minute of expulsion and the date of such tender shall be made on the register of shares under all such shares.

134. *Re-admission of Expelled Member.*—No member who has been expelled shall be re-admissible to the society, except in such cases (if any) as the society may direct.

## CHAPTER X.—ALTERATION OF RULES.

135. *Majority Requisite to make Alterations.*—Any rule of the society not declared to be fundamental in manner hereinafter stated, may be repealed or altered, or any new rule be made, by such majority as the society may direct of the members voting at any special general meeting held thereafter, and subject thereto by a majority of two-thirds.

136. *Fundamental Rules.*—The special rules of the society may declare any rule of the society therein mentioned, including this provision, to be fundamental ; and no rule comprised in such declaration shall be repealed or altered without such consent as is specified in such special rule.

137. *Notice of Additions or Alterations.*—Notice of every addition, repeal, or alteration, prepared, signed, and attested, as is required by the regulations in force under the Act, shall be sent to the registrar for the country where the society is established within seven days after the same has been made ; and a copy thereof shall be issued with every copy of the rules issued thereafter. [See the Act, § 9 (6).]

## CHAPTER XI.—CHANGE OF NAME, AMALGAMATION, CONVERSION INTO A COMPANY, &amp; DISSOLUTION.

138. *Change of Name, &c.*—The society may, by special resolution passed in manner prescribed by the Act,—

(1) Change its name with the approval of the registrar\* in writing ;

(2) Amalgamate with or transfer its engagements to any other society or company, or accept any such transfer ;

(3) Convert itself into a company under the Companies Acts as in the Act prescribed. [See the Act, § 16 (1)–(7).]

139. *Dissolution.*—The society may be voluntarily dissolved :—

(1) By a resolution to wind it up, made as is directed in regard to companies by the Companies Act, 1862.

(2) By an instrument of dissolution signed by three-fourths of the members for the time being, and in the form prescribed by the regulations in force under the Act. [See § 17 (3).]

## CHAPTER XII.—FORMS OF INSTRUMENTS.

140. *Instruments shall have the following Forms.*—The instruments referred to in the preceding rules shall be in the forms following, or as near thereto as the case allows. The date, the name of the society, and, if the case requires, an address to the committee shall in all cases be prefixed :—

(1) *Application for Admission by an Individual :*

(a) *By Application for Shares.*—I, the undersigned, hereby apply for [transferable] or [withdrawable] shares in the above-named society, in respect of which I agree to make the payments required by the rules of the society, and otherwise to be bound thereby.

Signature of applicant, stating his address and occupation.

(b) *By Payment for a Copy of Rules.*—Received this day a copy of the rules of the above-named society, for which I have paid [on account of the undermen-

\* The Chief Registrar in England, or the Assistant Registrar for Ireland or Scotland, if the society is registered and does business exclusively there.

*tioned applicant\**] the sum required to be paid on an application for admission to the society.

Signature as above, or if the payment is made by any other person than the applicant, of this person, stating the name, address, and occupation of the applicant.

(2) *Application for Shares by a Society or Company.*

—We, the undersigned, secretary and two of the committee of management of the

[Society Limited] hereinafter called the applicant, in virtue of a resolution thereof, dated the            day of           , hereby apply on its behalf for [transferable] or [withdrawable] shares in the above-named society, in respect of which the applicant hereby agrees to make all payments required by the rules of the above-named society, and otherwise to be bound thereby. In witness whereof we have signed our names hereto, by the authority of the society.

Signatures of the members of the committee, and countersign of the secretary, stating respectively their qualifications as such, and the registered office of the applicant.

The same form applies to a company, substituting company, with or without limited as the case may be, for [Society Limited], and board of directors for committee.

(3) *Transfer between Individuals.*—This instrument, made the            day of            18           , between A of           , and B of           , witnesses, that in consideration of the sum of £           , paid by the said B to me, I, the said A, hereby transfer to the said B, his executors, administrators, and assigns, the            shares, numbered           , now standing in my name in the books of the above-named society, to hold the said shares upon the same conditions on which I now hold the same, and that I, the said B, hereby accept the said shares, subject to the said conditions. In witness whereof we have hereto set our hands.

\_\_\_\_\_ Name of Transferor.

\_\_\_\_\_ Name of Transferee.

(4) *Transfer between Societies or Companies.*—This instrument, made the            day of            18           , between the            Society Limited, established

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\*Omit the words in brackets if the payment is made by the Applicant.

at \_\_\_\_\_, hereinafter called the vendor, of the one part, and the \_\_\_\_\_ Society Limited, established at \_\_\_\_\_ hereinafter called the purchaser, of the other part, in consideration of £ \_\_\_\_\_ paid by the purchaser to the vendor, witnesses that the vendor hereby transfers the \_\_\_\_\_ shares numbered, \_\_\_\_\_ now standing in the name of the vendor in the books of the above-named society, to the purchaser, and the assigns of such purchaser, to hold the same upon the same conditions on which they are held by the vendor; and that the purchaser accepts the said shares subject to the said conditions. In witness whereof the seals of the said societies are hereto attached, by the resolutions of the committees thereof, dated respectively the \_\_\_\_\_ day of \_\_\_\_\_ and the \_\_\_\_\_ day of \_\_\_\_\_

N.B.—The seals of the societies and signatures of the committee and secretary must be affixed as in form (2). The same form applies, with the necessary changes, to transfers between companies.

(5) *Agreement or Bond of Security by Officers in England or Ireland:* [See the Act, schedule III. (1).]

(a) *Without a Surety.*—This agreement, made the \_\_\_\_\_ day of \_\_\_\_\_ between A. B., of \_\_\_\_\_ and the \_\_\_\_\_ Society Limited, established at \_\_\_\_\_ in the county of \_\_\_\_\_ herein called the \_\_\_\_\_ society. Whereas the said A. B. has been appointed to the office of \_\_\_\_\_ in the society on condition of his entering into this agreement. *Now it is hereby witnessed* as follows:

The society agrees with the said A. B.,

[State salary or other equivalent, if any; if not omit this part altogether.]

The said A. B., in consideration of the premises, agrees with the \_\_\_\_\_ society to render a just and true account of all moneys received and paid by him on account of the society, at such times as the rules thereof appoint, and to pay over all the moneys remaining in his hands, and assign and transfer or deliver over all property (including books and papers) belonging to the society in his hands or custody to such person or persons as the society or the committee thereof appoint, according to



custody to such person or persons as the said society or the committee thereof appoint, according to the rules of the said society, together with the proper and legal vouchers for such payments, then the above-contained bond shall be void, but otherwise shall remain in full force.

Sealed and delivered in the presence of us—

C D, of

E F, of

There must be two witnesses to each signature, but the same persons may witness both. If the officer and his surety sign before different witnesses the form of witnessing should be repeated.

The reason for using an agreement instead of a bond where there is no surety is, that an agreement if not under seal is liable to a stamp duty of 6d. only, while a bond is liable to duty at the rate of 2s. 6d. for every £100, while an agreement is equally effectual in this case. For a surety a bond is preferable as more safe against legal objection.

(c) *In Scotland.*—Form of bond of. surety. [See the Act, schedule III. (2).]

I, A B, of \_\_\_\_\_ hereby bind and oblige myself to the extent of £ \_\_\_\_\_, at most as caution and security for C D, a person employed by the \_\_\_\_\_ Society Limited, that he, the said C D, shall, on demand, faithfully and truly account for all moneys received and paid to him for behoof of the said society, and also assign and transfer or deliver over all property, including books and papers, belonging to the said society in his hands as custody, and that to such person or persons as the said society, or the committee thereof appoint, according to the rules of the said society.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_

Signature of Cautioner.

E F, of \_\_\_\_\_ witness.

G H, of \_\_\_\_\_ witness.

N.B.—The Act provides that the above bond shall not require a testing clause or a subscription clause, and may be wholly written or wholly printed, or partly written and partly printed.

(6) *Condition of a Bond by or as security for a Manager or Storekeeper who has charge of Goods as*



*well as of Money.*—The condition of the above-written bond is such that if the said A B discharge the duties of his said office without embezzling, misapplying, unlawfully making away with, or wilfully or carelessly wasting or losing any of the moneys, goods, chattels, merchandise, or effects in his charge or keeping, and do render a just and true account, &c. [as in form 5].

(7) *Bond creating a Charge on Land.*—Know all men by these presents that the \_\_\_\_\_ Society Limited, established at \_\_\_\_\_, in the county of \_\_\_\_\_, is held and firmly bound to (hereinafter called the obligee), in the sum of [double the amount secured], to be paid to the said obligee, or his certain attorney or assigns; for which payment, well and truly to be made, the said society binds itself by these presents, sealed with its seal, attested as is required by its rules [hereby further declaring that the said sum shall be a charge upon all the lands of the society mentioned in the schedule hereto annexed, which are hereby made a specific security to the obligee or his assigns for the payment thereof].

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 18 \_\_\_\_.

The seal of the society, attested by the signatures of two members of the committee, is to be affixed here.

[Then is to follow the condition of the bond, stating the sum to be paid and the terms of payment, on compliance with which the bond is to become void; and finally the schedule, which should be headed

*Schedule* of lands charged with the payment of the sum mentioned in the above-written bond :—

NAME OF LAND.	SITUATION.	QUANTITY.

\_\_\_\_\_  
Secretary.

(8) *A common money bond* may be framed from this bond by omitting the words between brackets beginning “hereby further declaring,” and ending “payment thereof.”

## APPENDIX.

## DISTRIBUTIVE SOCIETY.

## DISTRIBUTION OF PROFITS.

141. *Division of Net Profits.*—The remainder of the net profits left after providing for the charges specified in rule 127 shall be divided as the society may direct, and subject thereto between—

(1) *The members* not under notice of total withdrawal who have made purchases of the society during the period to which the division relates, according to the amount of their purchases ;

(2) *The non-members* who have made purchases of the society during such period, according to the amount of their purchases, provided that the sum so divided shall not exceed one-half of the sum to which they would be entitled as members ;

(3) *The employés* of the society at such rate, not less than  $\frac{1}{4}$ d. in the £ on the gross sales and  $\frac{1}{2}$ d. in the £ on the net profits, as the ordinary business meetings fix, to be divided among them as such meetings direct.

142. *Capitalisation of Dividends :*

(1) Subject to rule 143, all dividends not withdrawn within such time as the society may direct, and subject thereto within one calendar month after they become receivable, shall be applied in or towards the payment of shares, which shall be either transferable or withdrawable as the society may direct, and subject thereto may be withdrawn at one week's notice for any sum up to £5, and one additional week for each additional sum not exceeding £5 ; and shall be credited to the members respectively in the books of the society until the number of shares held by any member reaches the limit

allowed by the Act, or such inferior limit as the society may direct, after which they shall be credited to such member as loans, withdrawable on such notice, not less than one calendar month, as the committee may determine from time to time ;

(2) No fine shall be charged in respect of any share so placed to the credit of any member.

143. *General Meetings may Capitalise Profits in certain Cases.*—The ordinary business meetings may direct that the appropriation of the proportion of the net profits of the society, authorised by clauses (5), (6), and (8) of rule 127, and (1), (2), and (3) of rule 141 shall be made by paid-up shares, which may be either transferable or withdrawable, as the society may direct, and subject thereto shall be transferable.

## FEDERAL UNION.

144. *Wholesale Purchases—how to be made.*—This society shall become a member of such co-operative wholesale society as the society may direct, and subject thereto of the Co-operative Wholesale Society established at Manchester.

The foregoing rules are the general rules referred to in the rules signed by us :—

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\_\_\_\_\_ Secretary.

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- (4) Transfer between societies or companies.
- (5) Security by officers in England or Ireland, without and with surety. In Scotland, surety bond.
- (6) Condition of bond for a manager or storekeeper.
- (7) Bond creating a charge on land.
- (8) Common money bond.





